

UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

T-MOBILE USA, INC., a Delaware corporation,

Plaintiff,

v.

HUAWEI DEVICE USA, INC., a Texas  
corporation; and HUAWEI TECHNOLOGIES CO.  
LTD, a China company,

Defendants.

Case No.

**COMPLAINT FOR  
VIOLATION OF UNIFORM  
TRADE SECRETS ACT,  
BREACH OF CONTRACT,  
INTERFERENCE WITH  
BUSINESS EXPECTANCY,  
AND VIOLATION OF  
WASHINGTON CONSUMER  
PROTECTION ACT**

**JURY DEMAND**

Plaintiff T-Mobile USA, Inc. ("T-Mobile") brings this action against Defendants Huawei Device USA, Inc. ("Huawei USA") and Huawei Technologies Co. LTD ("Huawei China") (collectively "Huawei") for theft of trade secrets, breaches of confidentiality and nondisclosure agreements, and additional violations that impact the public interest.

**I. INTRODUCTION**

1. At its own expense, and with great ingenuity and effort, T-Mobile over the course of several years internally developed and refined a testing robot that has dramatically improved diagnosis and quality control for mobile phone handsets. T-Mobile has carefully guarded the testing robot in order to protect the trade secrets behind the robot itself, its component parts and specifications, its software, and its functionality.



1 competitive RFP process. Huawei is one of these suppliers. For the last several years, T-Mobile  
2 selected Huawei to supply phone handsets for particular segments of T-Mobile's customer base.  
3 In selecting Huawei's handsets, T-Mobile passed over devices offered by several other potential  
4 suppliers.

5 7. The handset supply process does not end when T-Mobile selects the particular  
6 handsets it plans to use. T-Mobile works with the supplier – well in advance of providing the  
7 handsets to retailers or consumers – to develop, among other things, marketing plans and quality  
8 control plans. T-Mobile requires and oversees supplemental quality control and testing of  
9 handsets to ensure that they function as intended and do not fail in the hands of customers.  
10 Handsets with unacceptably high failure rates lead to increased handset returns at significant cost  
11 to T-Mobile. And unreliable handsets cause customer dissatisfaction with T-Mobile, increasing  
12 customer churn and decreasing revenue and profitability. Handset reliability is a significant  
13 competitive factor.

14 8. The testing process is important for improving handset quality, but it is costly and  
15 time-consuming. Faced with these issues, T-Mobile in 2006 began development of a unique and  
16 innovative solution: a proprietary testing robot that would be easily adaptable to test any handset  
17 at minimal cost and with little training or labor needed.

18 9. Approximately a year and a half after beginning this project in 2006, T-Mobile  
19 finished with a fully functional testing robot. The robot, nicknamed "Tappy," operates by  
20 performing touches on the phone the same way a human being would – only much more  
21 frequently in a shorter period of time – and recording the results. Simple in concept, but difficult  
22 in execution, the robot has reduced the costs of testing and increased the quality of the diagnostic  
23 results. Since implementing testing using the robot, phone returns for T-Mobile have declined  
24 significantly and testing time has decreased dramatically.

25 10. T-Mobile is the first developer of a testing robot of this nature, and the robot  
26 provides T-Mobile with a competitive advantage. No other company had developed a similar  
27 touch robot when it debuted in 2007. Several aspects of the robot are patented or patent-pending,

1 and the remaining innovative aspects consist of closely-guarded trade secrets. Since then,  
2 numerous companies have asked T-Mobile whether it would license the technology to them. T-  
3 Mobile has not licensed to others the right to make and use their own robot based on T-Mobile's  
4 technology.

5 11. T-Mobile now uses the robot when working with handset suppliers such as  
6 Huawei to perform quality control and testing. This testing occurs in T-Mobile's own labs in  
7 Bellevue, Washington. Because suppliers are the most familiar with their own products, T-  
8 Mobile allows suppliers into its labs under strict conditions to use T-Mobile's robot to perform  
9 diagnostic tests on the phones that will be provided by T-Mobile to customers.

10 12. To protect the trade secrets involved in the function and design of the robot, T-  
11 Mobile requires that suppliers, including Huawei, enter into contracts that prohibit them from  
12 misappropriating information they learn about the robot during the testing process. Those  
13 suppliers, including Huawei, must agree to nondisclosure and confidentiality before they may  
14 test their products at T-Mobile's labs.

15 13. With Huawei in particular, T-Mobile entered into at least three separate contracts  
16 that barred Huawei from misappropriating trade secrets and that otherwise required Huawei to  
17 keep T-Mobile's information confidential. T-Mobile's robot, its component parts, its  
18 functionality, and its software were protected by these nondisclosure and confidentiality  
19 contracts. Huawei employees were only authorized to use the robot to test their T-Mobile  
20 handsets in T-Mobile's labs, and were prohibited from disclosing or using information regarding  
21 the robot for any other purpose.

22 14. Beyond requiring Huawei to enter into at least three separate confidentiality and  
23 trade secret protection agreements, T-Mobile took further steps to protect the robot. For  
24 example, T-Mobile required Huawei employees entering the lab to first go through security  
25 clearance. T-Mobile only allowed a limited number of Huawei employees into the lab, and those  
26 individuals had to be explicitly authorized to do so by name.

1           15.     Beginning in 2012, when Huawei was first given access to T-Mobile's robot,  
2 Huawei's R&D department and other Huawei officials and employees conspired to steal T-  
3 Mobile's trade secrets so that Huawei could copy T-Mobile's robot. Huawei accomplished this  
4 by obtaining access to T-Mobile's labs without permission, by stealing parts of the robot, by  
5 recording and copying confidential specifications, by copying operating software, and by  
6 violating its confidentiality and trade secret agreements with T-Mobile. These particular acts are  
7 described in more detail below. Huawei employees were caught on camera during many of these  
8 acts. Huawei has since admitted to several of these violations.

9           16.     Huawei now has its own testing robot that performs the same functions as T-  
10 Mobile's robot. Huawei continually stole information from T-Mobile to develop, improve, and  
11 troubleshoot its own robot. Huawei admitted that it used stolen parts from T-Mobile's robot to  
12 diagnose and address the problems it was having with its own version.

13           17.     Huawei China R&D directed both its own employees and Huawei USA  
14 employees to steal this information from T-Mobile. Huawei knew that it was violating its  
15 confidentiality and nondisclosure agreements.

16           18.     Huawei stole these trade secrets solely for its own benefit. Its employees  
17 attempted to conceal their thefts from T-Mobile by lying and other subterfuge. For instance, one  
18 Huawei employee who was continually peering into a security camera attempted to hide a stolen  
19 part from the robot behind a monitor in the T-Mobile lab. He then slipped the hidden part into  
20 his laptop bag when leaving. When confronted with this theft, the Huawei employee initially  
21 denied taking anything and claimed not to know that anything was missing.

22           19.     Furthermore, T-Mobile's robot is easily adaptable by design to test any handset.  
23 Indeed, the robot was specifically designed to be able to test devices from any supplier. Using  
24 T-Mobile's stolen technology, Huawei can therefore easily test and improve the other handsets it  
25 does not produce for T-Mobile. On information and belief, Huawei is already using T-Mobile's  
26 stolen robot technology to test non-T-Mobile handsets and improve return rates for handsets  
27 developed and sold to other carriers. On information and belief, Huawei has been unjustly

1 enriched and will continue to be unjustly enriched by hundreds of millions of dollars from this  
2 theft. Huawei's acts were intentional and directed to give Huawei a competitive advantage in the  
3 handset sales market worldwide.

4 20. Due to Huawei's material breaches of its contracts with T-Mobile, and its  
5 unlawful theft of trade secrets, T-Mobile was forced to stop its ongoing handset supply  
6 relationship with Huawei at substantial cost. That cost will likely reach at least tens of millions  
7 of dollars. T-Mobile has also incurred substantial costs in investigating these violations.

8 21. T-Mobile is not Huawei's first victim of intellectual property theft. Huawei has  
9 stolen source code and trade secrets from other companies. It has been condemned by  
10 Congressional committees and other U.S. government entities for, among other things, its  
11 "pattern of disregard for the intellectual property rights of other entities and companies in the  
12 United States."

13 22. This is an action that affects the public interest due to Huawei's continuing  
14 pattern and practice of unlawful, unfair, and deceptive acts. T-Mobile has suffered injury from  
15 Huawei's theft of its unique and cutting-edge technology. T-Mobile seeks damages for the  
16 injury it has suffered and for Huawei's unlawful and unjust gain from the theft. Huawei should  
17 also be enjoined from further use of T-Mobile's stolen technology and from the sale and use of  
18 products that have benefitted from that stolen technology.

### 19 III. PARTIES

20 23. Plaintiff T-Mobile USA, Inc. ("T-Mobile") is a Delaware corporation with its  
21 principal place of business in Bellevue, Washington.

22 24. Huawei Device USA, Inc. ("Huawei USA") is incorporated under the laws of  
23 Texas with its principal place of business in Plano, Texas. It is a successor to Futurewei  
24 Technologies, Inc., and a wholly-owned subsidiary of Huawei Technologies Co. Ltd.

25 25. Huawei Technologies Co. Ltd. ("Huawei China") is a Chinese company with its  
26 principal place of business at Bantian, Longgang District, Shenzhen, People's Republic of China.

26. T-Mobile is informed and believes, and based thereon alleges, that at all times mentioned herein, each of the Defendants was the agent, servant and employee, co-venturer, alter ego, and co-conspirator of the other, and was at all times herein mentioned, acting within the course, scope, and purpose of such agency, employment, joint venture, and conspiracy, and with the consent, knowledge, ratification, and authorization of such agency, employment, joint venture, and conspiracy.

#### IV. JURISDICTION AND VENUE

27. This Court has jurisdiction over this action under 28 U.S.C. § 1332(a)(2) because Huawei USA is a citizen of Texas, and Huawei China is a citizen or subject of a foreign state. T-Mobile is a Delaware corporation with its principal place of business in Bellevue, Washington. The amount in controversy exceeds \$75,000, exclusive of interest and costs.

28. Venue is proper under 28 U.S.C. § 1391(b) because a substantial part of the events or omissions giving rise to the claims occurred, and a substantial part of the property that is the subject of this action is situated, in King County, Washington. Additionally, venue is proper under the parties' Handset and Accessory Supply Agreement, which requires the matter be filed in King County, Washington.

#### V. GENERAL ALLEGATIONS

##### T-Mobile's Proprietary Testing Robot

29. In February 2006, T-Mobile began development of its solution for automated phone testing that would improve diagnostic ability, reduce testing time, improve reliability, limit handset returns, and reduce churn caused by handset reliability issues. After roughly one and a half years and significant investment, T-Mobile introduced the first generation of its proprietary testing robot.

30. The testing robot is designed to press buttons, push rollerballs, and navigate touchscreens in imitation of a human phone user. The robot can execute usage scenarios such as typing, playing music, making calls, gaming, web browsing, and downloading applications. After each test, it provides detailed data, including video footage, on how the tested device



1 performed and where it failed. The robot has been improved and refined over the last several  
2 years. For instance, the first generation of the robot tested traditional button handsets rather than  
3 touchscreen handsets. T-Mobile then developed improvements to the robot that allowed it to test  
4 touchscreen phones.

5 31. Software problems with handsets have become a frequent reason for device  
6 returns in recent years. Appropriate testing and quality assurance allows T-Mobile devices to  
7 execute hundreds of tasks over an extended period of time without stalls, freezes, or glitches.

8 32. The robot can perform tests in a day that emulate handset usage for several weeks.  
9 Since T-Mobile began using the robot, device return costs have been significantly reduced. T-  
10 Mobile has received numerous inquiries from original equipment manufacturers and other  
11 companies about buying the robot or licensing its technology. T-Mobile has not sold or licensed  
12 the technology.

13 33. The robot is hooked up to a computer, which allows the user to change the  
14 operation of the robot and record testing results. The robot's operating software is confidential  
15 and proprietary and was also developed by T-Mobile. The current version of the robot embodies  
16 closely guarded trade secrets as well as patented and patent-pending technology.

17 34. T-Mobile has testing facilities at its Bellevue, Washington campus. T-Mobile  
18 permits its phone suppliers to access these facilities and use the robot to test the devices that they  
19 supply to T-Mobile. As a matter of policy, T-Mobile requires suppliers to sign nondisclosure  
20 agreements to protect T-Mobile's proprietary technology, and the robot in particular.

#### 21 T-Mobile's Contracts with Huawei

22 35. T-Mobile and Futurewei Technologies, Inc. d/b/a Huawei Technologies (USA)  
23 ("Futurewei") entered into a Handset and Accessory Supply Agreement on June 2, 2010 (the  
24 "Supply Agreement"). This agreement sets forth the terms under which T-Mobile would order,  
25 and Huawei would supply, handsets and accessories over a term of several years. Both parties  
26 committed to various measures as part of the supplier relationship, and agreed to protect and not  
27 share confidential trade secrets necessarily disclosed in the performance of the parties' duties.



1           36.     Futurewei thereafter splintered into three entities and assigned the Supply  
2 Agreement to Huawei USA.

3           37.     T-Mobile and Huawei additionally entered into a Mutual Nondisclosure  
4 Agreement (“the NDA”) relating to the “testing of [Huawei’s] handset and accessories on T-  
5 Mobile’s premises utilizing automated robotic testers” on July 31, 2012. Each party promised to  
6 use confidential information received from the other only for the express purpose stated in the  
7 NDA – handset testing on T-Mobile’s premises using automated robotic testers. Attempts to  
8 copy confidential and trade secret information via reverse engineering, photography, attempting  
9 to discover source code, and other means are expressly prohibited by the NDA.

10          38.     The NDA is signed by Huawei USA. The NDA provides that Huawei USA also  
11 signs on behalf of its parent, Huawei China. Thus, the contract is binding on both Huawei USA  
12 and Huawei China.

13          39.     Shortly thereafter, T-Mobile and Huawei USA entered into a Letter Agreement  
14 (“The Clean Room Letter”) elaborating on the “general understanding and agreement between  
15 the parties relating to the contemplated robot testing protocol.” The Clean Room Letter, which is  
16 supplemental to the Supply Agreement, specifically identifies the testing robot as protected, trade  
17 secret technology. It explicitly prohibits Huawei from photographing or otherwise trying to  
18 capture the likeness or design of the robot or test facilities, and from copying computer programs  
19 or source code. In exchange for signing this document, T-Mobile allowed Huawei employees  
20 access to the robot testing facilities.

21          40.     In 2013, T-Mobile assumed MetroPCS Wireless, Inc.’s rights and obligations  
22 under a Supply Agreement with Huawei (the “MetroPCS Agreement”). This contract also  
23 contains provisions restricting the use and disclosure of the parties’ confidential trade secrets.

24                               Huawei’s Theft of Trade Secrets

25          41.     In late 2012, T-Mobile set up a testing laboratory for the purpose of testing  
26 handsets, including those manufactured by Huawei. Huawei employees were given limited  
27 access to this lab after Huawei signed each of the confidentiality contracts described above.

42. In the testing laboratory, Huawei employees were allowed to perform and monitor diagnostic tests for Huawei T-Mobile handsets using T-Mobile's proprietary testing robot. Huawei employees were also given access to the test results for Huawei devices.

***Huawei's Inquiry Into Non-Public Aspects of the Robot's Specifications***

43. On several occasions in 2012 and continuing to 2013, Huawei employees asked T-Mobile personnel detailed questions about the testing robot. These questions frequently concerned the conductive tip on the end of the "end effector" – a metal plate that affixes to the bottom of the robot arm. Indeed, as time went on Huawei's questions became more pointed and intrusive about the exact operational details of the robot. T-Mobile personnel did not provide answers to these questions about T-Mobile's proprietary technology.

44. Huawei eventually acknowledged that T-Mobile was unwilling to respond to Huawei's sensitive questions about the operation and specifications of the robot and related technology. Undeterred, Huawei continued to seek this information even though it was clear T-Mobile was unwilling to share it.

***Prohibited Photographing of the Robot***

45. In early May of 2013, Huawei employee Yu (Frank) Wang arrived in Bellevue. Mr. Wang was a member of Huawei's Test Systems Research and Development Team in China and had never before been to T-Mobile's facilities. The true purpose of his trip – which was not disclosed to T-Mobile – was to learn more about T-Mobile's robot so that Huawei could make improvements to and develop its own robot.

46. On May 13, 2013, two Huawei employees – Huawei lead engineer Xinfu (Adam) Xiong and Helen Lijingru – brought Mr. Wang into the T-Mobile testing lab with them without T-Mobile's consent. The Huawei employees were told that Mr. Wang was not allowed to be in the lab because he did not have authorization. Mr. Wang left the lab at T-Mobile's repeated insistence.

47. Neither Mr. Xiong nor Ms. Lijingru was allowed to give other Huawei employees (or anyone else) access to the lab. Only authorized T-Mobile personnel are allowed to do so.

1           48.     Nonetheless, on May 14, 2013, one day after Mr. Wang had just been told he  
2 could not enter the lab, Mr. Xiong and Ms. Lijingru secretly escorted Mr. Wang into the T-  
3 Mobile testing lab to photograph the testing robot. Using a smartphone, Mr. Wang took at least  
4 seven photographs of the testing robot, in violation of the Clean Room Letter's explicit  
5 prohibition on photography in the lab.

6           49.     When Mr. Wang's unauthorized presence in the lab was discovered by T-Mobile,  
7 Mr. Wang was immediately asked to leave. Ms. Lijingru claimed that Mr. Wang had been  
8 authorized by T-Mobile to enter the lab that day. In fact, he had never received authorization.

9           50.     That night, Mr. Wang forwarded the photographs he had taken of the robot to  
10 Huawei's R&D team in China.

11           51.     As a result of this incident, further restrictions were placed on Huawei's access to  
12 T-Mobile facilities. As of May 15, 2013, T-Mobile allowed only one Huawei employee access  
13 to the lab. Huawei selected its lead engineer, Mr. Xiong, to be the one employee who had access  
14 to the testing chamber. Mr. Xiong was required to sign in at the security desk and be escorted to  
15 the testing chamber by a T-Mobile employee. His activities were recorded by a camera in the  
16 lab.

17           52.     Huawei Human Resources Director Jennifer Ponder provided T-Mobile with only  
18 four of the seven photographs taken by Mr. Wang. Ms. Ponder claimed the other three were  
19 blurry and that Mr. Wang deleted them.

20           53.     Barred from T-Mobile's lab, Mr. Wang then returned to China earlier than  
21 scheduled.

22           ***Theft and Measurement of the "End Effector" Robot Part***

23           54.     On May 29, 2013, Mr. Xiong was provided four end effectors for testing purposes  
24 in T-Mobile's testing lab.

25           55.     While alone in the lab, Mr. Xiong attempted to hide one of these end effectors out  
26 of the view of the security camera behind a computer monitor. Three hours later, while glancing  
27 repeatedly at the security camera, Mr. Xiong moved the end effector from behind the monitor

1 and slipped it into his laptop bag. Mr. Xiong then carried the laptop bag out of the testing  
2 chamber.

3 56. Shortly after Mr. Xiong departed, the missing end effector was immediately  
4 noticed by T-Mobile and Mr. Xiong was called. Despite having just taken the end effector from  
5 the lab only nine minutes earlier, Mr. Xiong denied knowing where it was. Roughly an hour  
6 later, Mr. Xiong sent a text message claiming to have “found” the end effector in his laptop bag.  
7 Mr. Xiong eventually admitted that he lied when he said he did not know where the end effector  
8 was.

9 57. Mr. Xiong took the end effector to Huawei Device USA’s offices and used it to  
10 provide measurements to Huawei China’s R&D division during a conference call. Mr. Xiong  
11 later admitted he took the end effector because Huawei China wanted to know the size of the  
12 finger and the tip and the material out of which the tip is made and that Huawei R&D believed  
13 this information would allow its own robot to perform as well as T-Mobile’s robot.

14 58. Huawei R&D instructed Mr. Xiong to retrieve this information about T-Mobile’s  
15 robot finger and tip. Mr. Xiong admitted that this was a matter of great urgency for Huawei.  
16 Mr. Xiong admitted that he needed to have the end effector with him for the conference call  
17 because he anticipated Huawei R&D would have many questions about it.

18 59. Mr. Xiong, in fact, disclosed information regarding the stolen end effector to  
19 Huawei R&D.

20 60. Mr. Xiong was not authorized to take or measure the end effector by anyone at T-  
21 Mobile. His theft and measurement of the part were prohibited by the parties’ contracts. Huawei  
22 nonetheless instructed him to steal the part so that it could benefit by further refining and  
23 developing its robot using stolen T-Mobile technology.

1           ***Theft of Sequence Files Operating Software***

2           61.     Sequence files control the movements of the proprietary testing robot. These  
3 files, which are themselves proprietary trade secrets, are present on the computers in the testing  
4 lab.

5           62.     On information and belief, Huawei employees accessed and sent proprietary  
6 sequencing files via email to others at Huawei. They were explicitly forbidden from doing so by  
7 T-Mobile.

8           ***Attempt to Re-Activate Security Badge***

9           63.     In response to the incidents of theft described above, T-Mobile took away  
10 Huawei's security access to the lab and recalled Huawei's security badges. T-Mobile informed  
11 Huawei that its employees were only allowed on T-Mobile's campus as visitors and had to be  
12 escorted to the testing facility by someone with security clearance.

13          64.     Despite these sanctions from T-Mobile, and Huawei's repeated claims that it  
14 would train its employees to respect security and confidentiality protocols, a Huawei vendor  
15 attempted to re-activate a security badge (which should have been returned or destroyed) at T-  
16 Mobile's badge station on October 23, 2013. The vendor attempted to use this badge to access  
17 restricted areas of T-Mobile's facility.

18          ***Huawei's Attempts to Copy T-Mobile's Robot***

19          65.     Huawei's efforts to steal T-Mobile's robot technology were motivated by  
20 Huawei's desire to develop and improve its own testing robot.

21          66.     In early 2013, Mr. Xiong contacted a dealer of robot parts that was a T-Mobile  
22 supplier. Mr. Xiong asked the dealer if it could build Huawei a testing robot platform in the T-  
23 Mobile configuration.

24          67.     In a May 30, 2013 phone call with a T-Mobile employee, Huawei representative  
25 Sacha Wu admitted that the reason Huawei personnel asked questions about the robot and took  
26 pictures of it was so that Huawei could build its own robot.

1           68.     In a June 3, 2013 meeting with T-Mobile employees, Huawei Device USA  
2 Executive Vice President Michael Chang stated that Mr. Wang took the photographs and Mr.  
3 Xiong removed the end effector so that Huawei could build its own robot.

4           69.     In a June 12, 2013 interview, Mr. Xiong stated that Mr. Wang took photographs  
5 of the robot because Huawei headquarters in China could not reproduce results from the T-  
6 Mobile robot in its own lab. Mr. Xiong stated that Huawei needed information regarding the  
7 correct times, force, and duration for T-Mobile's robot – the number of times the "finger"  
8 touches the device, the force of the pressure applied, and the duration of that pressure.

9           70.     In that same interview, Mr. Xiong stated that he took the end effector from T-  
10 Mobile's testing chamber because Huawei headquarters needed to know the size of the  
11 conductive tip and the material out of which it is made, along with the size of the "finger" – the  
12 post on which the tip resides. Mr. Xiong stated that he provided seven measurements of the  
13 finger and the tip to Huawei headquarters.

14           71.     In a June 17, 2013 interview, Mr. Wang stated that he took photographs of the T-  
15 Mobile robot and sent them to the Huawei "X-Device Robot Team" in China because Huawei  
16 tests could not reproduce T-Mobile tests. Mr. Wang further stated that the X-Device Robot  
17 Team wanted to understand more about the size of the robot hand and its material.

18           72.     Huawei R&D knew T-Mobile was closely guarding the information about the  
19 robot, but it encouraged Huawei employees to steal the information anyway.

20                   Huawei's Pattern of Misconduct in the United States

21           73.     As described below, Huawei's pattern of misconduct with T-Mobile and others  
22 demonstrates a substantial likelihood that this behavior will continue to pose substantial risks to  
23 T-Mobile and other companies in the future. This is to the detriment of consumers, and thus  
24 implicates the public interest under the Washington Consumer Protection Act. Huawei's past,  
25 present, and expected future pattern of unfair, unlawful, and deceptive conduct is therefore  
26 relevant in this action.

74. Huawei has a documented history of violating security and confidentiality protocols in order to steal technology or obtain other competitive advantages. Huawei has consistently demonstrated a disregard for the intellectual property rights of others, which is followed by denial and uncooperativeness in the face of obvious violations.

75. This history creates a substantial risk that Huawei's misconduct against T-Mobile will be repeated against other entities.

### ***Congressional Investigation***

76. In November 2011, the U.S. House of Representatives Permanent Select Committee on Intelligence initiated an investigation into the security threat and intellectual property risks posed by Huawei, concluding that Huawei "exhibits a pattern of disregard for the intellectual property rights of other entities and companies in the United States."

### ***Misappropriation of Cisco Source Code***

77. After Cisco sued Huawei in 2003 for misappropriating its source code, Huawei eventually admitted that some of its code came from an unauthorized source and pulled certain products off the market.

78. In 2012, Huawei denied any wrongdoing, which in turn prompted Cisco to release sections of the "Neutral Expert's Final Source Code Report." Among the Neutral Expert's findings: "It must be concluded that Huawei misappropriated this code."

## **VI. FIRST CAUSE OF ACTION**

### **(Violation of Washington Uniform Trade Secrets Act Against Huawei China and Huawei USA)**

79. T-Mobile re-alleges each and every allegation in paragraphs 1 through 72 as though fully set forth herein.

80. The trade secrets owned by T-Mobile and improperly acquired by Huawei include information and know-how relating to the design, assembly, and operating methods of the T-Mobile testing robot – including specifications, source code, component selection, and operating instructions – as well as other non-public elements of the robot technology, and proprietary



1 combinations and implementations of the robot. These trade secrets derive independent value  
2 from their secrecy and T-Mobile has taken reasonable efforts to maintain their secrecy.

3 81. Huawei improperly acquired T-Mobile's trade secrets through, among other  
4 things, providing unauthorized access to the T-Mobile testing lab, stealing an end effector,  
5 copying and recording non-public parts and materials specifications, taking prohibited  
6 photographs of the robot, and stealing source code. These actions violate several explicit  
7 provisions of the Supply Agreement, the NDA, and the Clean Room Letter, and other applicable  
8 agreements meant to protect T-Mobile's confidential information.

9 82. The Huawei employees who improperly acquired T-Mobile's trade secrets  
10 disclosed these trade secrets to other employees at Huawei, including the development team  
11 involved in Huawei's efforts to build its own testing robot. At all times, those employees were  
12 acting within the scope of their employment for Huawei. Huawei used T-Mobile's confidential  
13 information to build and improve its own robot based on T-Mobile's technology.

14 83. Huawei has used the robot technology it misappropriated from T-Mobile to  
15 unjustly gain a commercial advantage worth hundreds of millions of dollars through, among  
16 other things, superior device performance and reliability, reduced return costs, faster testing  
17 times, and saved development costs. On information and belief, Huawei bears the costs of  
18 device returns in its agreements with carriers. On information and belief, Huawei has used T-  
19 Mobile's technology to test devices supplied to carriers other than T-Mobile. T-Mobile is  
20 entitled to damages for Huawei's unjust enrichment.

21 84. T-Mobile has vigilantly guarded its trade secrets related to the testing robot  
22 through procedures such as nondisclosure agreements and security controls for suppliers given  
23 access to the robot. With respect to Huawei, specifically, T-Mobile denied access to its testing  
24 chamber to all but one Huawei employee after Mr. Wang was caught on camera taking  
25 photographs of the robot. T-Mobile has declined to license or sell the robot.

26 85. T-Mobile's robot technology is of substantial economic value that would be lost if  
27 T-Mobile's trade secrets were disclosed to the public. The testing robot has given T-Mobile a

1 competitive advantage by improving the performance and reliability of its devices and lowering  
 2 return-related costs, leading to increased profitability. This advantage would be lost if the  
 3 technology were available to T-Mobile's competitors or to handset suppliers who work with T-  
 4 Mobile's competitors. Huawei's own efforts to misappropriate the robot technology are  
 5 evidence of its economic value, as are the repeated inquiries by third parties to license the  
 6 technology and the widespread industry interest the robot has generated.

7 86. T-Mobile has incurred substantial costs as a proximate result of Huawei's  
 8 misappropriation of its trade secrets and is entitled to damages, including but not limited to those  
 9 relating to security costs, investigation costs, investment in testing and marketing Huawei  
 10 devices, costs of replacing Huawei as a supplier, increased costs for replacement supplies, and  
 11 loss of the economic value T-Mobile derives from exclusive use of its proprietary technology.

12 87. In addition to damages, T-Mobile is entitled to injunctive relief enjoining  
 13 Huawei's continued misappropriation of T-Mobile's robot technology. If the Court determines  
 14 that it would be unreasonable to prohibit Huawei's future use of the technology, such future use  
 15 should be conditioned upon payment of a reasonable royalty to T-Mobile.

16 88. Huawei's misappropriation of T-Mobile's trade secrets is willful and malicious,  
 17 and continued even after T-Mobile discovered Huawei's misconduct and imposed additional  
 18 security measures.

## 19 **VII. SECOND CAUSE OF ACTION**

### 20 **(Breach of Contract against Huawei China and Huawei USA)**

21 89. T-Mobile re-alleges each and every allegation in paragraphs 1 through 72 as  
 22 though fully set forth herein.

23 90. The Supply Agreement, NDA, Clean Room Letter, and other applicable  
 24 agreements (such as the MetroPCS Agreement) between the parties are valid and enforceable  
 25 contracts, according to which T-Mobile has performed all conditions, covenants, and promises.

26 91. Huawei Device USA is a signatory to the Supply Agreement, NDA, Clean Room  
 27 Letter, and other applicable agreements between the parties and subject to their terms.

1           92.     Huawei China is subject to the terms of the NDA.

2           93.     Huawei is liable under the terms of the contracts for breaches committed by its  
3 employees.

4           94.     Through the acts described above, Huawei USA has materially breached the  
5 Supply Agreement and other applicable agreements between the parties, including  
6 confidentiality provisions, which protect, among other things, T-Mobile's proprietary  
7 information, intellectual property, and trade secrets.

8           95.     Through the acts described above, Huawei has materially breached the NDA,  
9 including section 3 and section 5, which protects from disclosure, and limits the use of, T-  
10 Mobile's confidential information. The NDA authorizes the use of T-Mobile's Confidential  
11 Information "only for the purpose of accomplishing the handset testing protocol" and states that  
12 Huawei "shall not use or exploit such Confidential Information for any other purpose without the  
13 prior written consent" of T-Mobile. The NDA specifically prohibits Huawei from attempting to  
14 "capture photographs" or "reverse engineer, decompile, disassemble or reverse translate" the robot,  
15 and from "attempt[ing] to discover the source code or trade secrets in any such Confidential  
16 Information . . . ."

17           96.     T-Mobile is entitled to consequential damages for Huawei's willful misconduct  
18 and breach of confidentiality.

19           97.     T-Mobile has incurred substantial costs as a proximate result of Huawei's breach  
20 of its material obligations under such contracts and is entitled to damages, including but not  
21 limited to those relating to security costs, investigation costs, investment in testing and marketing  
22 Huawei devices, costs of finding a replacement supplier, increased costs for replacement  
23 supplies, and loss of the economic value T-Mobile derives from exclusive use of its proprietary  
24 technology.

**VIII. THIRD CAUSE OF ACTION**

**(Interference with Business Expectancy and  
Contractual Relationship against Huawei China)**

98. T-Mobile re-alleges each and every allegation in paragraphs 1 through 72 as though fully set forth herein.

99. Huawei China knew about the handset supply relationship between Huawei USA and T-Mobile, as well as the terms of the Supply Agreement, the Clean Room Letter, and other applicable agreements.

100. Huawei China induced and purposely caused Huawei USA to breach its material obligations related to T-Mobile's confidential information under the applicable agreements. Huawei China took advantage of Huawei USA's access to T-Mobile's trade secrets to build its own testing robot based on those trade secrets; on information and belief, it has used the testing robot on devices sold to other carriers by Huawei China and other Huawei entities.

101. Huawei China sent its employee, Mr. Wang, to the United States to steal trade secrets from T-Mobile. Huawei China instructed Huawei USA to assist Mr. Wang in his attempt to steal trade secrets from T-Mobile, in violation of Huawei USA's confidentiality and nondisclosure obligations.

102. Mr. Wang disclosed the confidential information he wrongfully acquired from the T-Mobile testing chamber to a Huawei China R&D team.

103. Huawei China instructed Mr. Xiong to misappropriate T-Mobile's confidential information. Specifically, it asked Mr. Xiong to steal an end effector and report measurements to Huawei China's R&D team. As instructed, Mr. Xiong provided the information he misappropriated to employees of Huawei China.

104. Employees of both Huawei China and Huawei USA have repeatedly explained that the purpose of these acts of misappropriation was to facilitate Huawei China's efforts to build its own testing robot.

105. Huawei China induced Huawei USA's breach of its material obligations under the applicable agreements through improper means, including various illegal acts.

106. As a proximate consequence of the Huawei USA breaches induced by Huawei China, T-Mobile has incurred substantial costs and is entitled to damages, including but not limited to those relating to security costs, investigation costs, investment in testing and marketing Huawei devices, costs of finding a replacement supplier, increased costs for replacement supplies, and loss of the economic value T-Mobile derives from exclusive use of its proprietary technology.

### **IX. FOURTH CAUSE OF ACTION**

#### **(Violation of Washington Consumer Protection Act against Huawei China and Huawei USA)**

107. T-Mobile re-alleges each and every allegation in paragraphs 1 through 78 as though fully set forth herein.

108. Through the acts described above, Huawei has engaged in unfair practices in violation of the public interest by stealing the technology of its business partner T-Mobile in violation of a nondisclosure agreement. Separately, Huawei's conduct has the capacity to deceive a substantial portion of the public by passing off T-Mobile's testing technology as its own and attributing improvements to its devices to its own efforts rather than T-Mobile's R&D.

109. Huawei's misconduct, as described above, affects the public interest by virtue of a real and substantial potential for repetition of the unfair and deceptive acts it has committed against T-Mobile. The likelihood that additional plaintiffs have been or will be injured in the same fashion T-Mobile has been injured is exceptionally high given Huawei's documented history of violating the intellectual property rights of U.S. companies. The public's interest in preventing Huawei's misconduct is also evidenced by the fact that Huawei actively solicited T-Mobile's business through participation in T-Mobile's Request for Proposal process in which numerous domestic and international companies competed with Huawei to supply handsets through T-Mobile to the public at large. Moreover, Huawei advertises to the general public.

110. T-Mobile's property interests have been injured in numerous ways as a result of Huawei's unfair and deceptive acts. These injuries include, for instance, added security costs, investigation costs, investment in testing and marketing Huawei devices, costs of replacing Huawei as a supplier, increased costs for replacement supplies, and loss of the economic value T-Mobile derives from exclusive use of its proprietary technology.

111. But for Huawei's unfair and deceptive practices, T-Mobile would not have suffered these injuries.

**X. PRAYER FOR RELIEF**

WHEREFORE, T-Mobile prays for judgment as follows:

A. On the First Cause of Action, damages in the amount of T-Mobile's actual losses and Huawei's unjust enrichment; exemplary damages amounting to twice the sum of actual losses and unjust enrichment for willful and malicious misappropriation; and injunctive relief or a reasonable royalty;

B. On the Second Cause of Action, for damages in an amount to be proven at trial, including expectation damages, consequential damages, and incidental damages;

C. On the Third Cause of Action, for damages in an amount to be proven at trial;

D. On the Fourth Cause of Action, for actual damages and treble damages in an amount up to the statutory maximum in addition to actual damages;

E. For injunctive relief enjoining Huawei's continued misappropriation and exploitation of T-Mobile's confidential information, trade secrets, and otherwise protected technology;

F. For reasonable attorney fees and costs;

G. For pre-judgment interest on all damages; and

H. For such other relief as the Court deems just and proper.

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1 DATED this 2nd day of September, 2014.

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